

**Congress of the United States**  
**Washington, DC 20515**

November 26, 2019

The Honorable Joseph Otting  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, NW  
Washington, D.C. 20219

The Honorable Jelena McWilliams  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

The Honorable Randal Quarles  
Vice Chairman for Supervision  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

The Honorable Kathleen Kraninger  
Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552

Dear Comptroller Otting, Vice Chairman Quarles, Chairman McWilliams, and Director Kraninger,

As the Ranking Member of the House Financial Services Committee's Task Force on Artificial Intelligence, I write to you regarding the need for guidance on financial institutions' use of artificial intelligence (AI) and machine learning (ML). I appreciate the efforts your agencies are making to embrace financial innovation and ensure the responsible and efficient use of financial technologies, including through your agencies' offices of innovation. I also welcome Chairman McWilliams' comments at several recent events indicating the FDIC's interest in developing guidance for banks that are using AI and ML. I agree that these issues are ripe for further clarification from financial regulators.

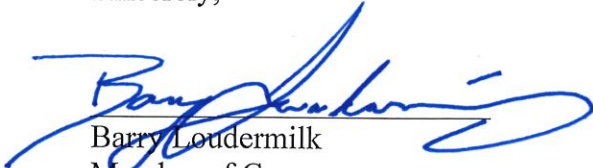
In those comments, Chairman McWilliams has expressed her desire that the FDIC coordinate this guidance on an interagency basis with the other federal banking regulators, but that the FDIC would be willing to produce the guidance independently in the absence of joint guidance. I believe it is important for this guidance to be coordinated among the banking regulators. The Federal Financial Institutions Examination Council (FFIEC) would be a good forum for such coordination, as the FFIEC includes both federal and state banking regulators. Without coordination, the policies surrounding financial institutions' use of AI and ML could be inconsistent among the financial regulatory agencies, which would cause fragmentation within the banking industry and would not benefit consumers. I believe the guidance should set forth clear expectations for regulated institutions' use of AI and ML but be flexible enough to adapt to new technologies that may emerge in the future.

This Congress, the task force has held hearings regarding financial institutions' use of AI and ML in loan underwriting, consumers' digital identities, and cloud computing. I believe the financial system would benefit from clarity with the use of AI and ML in these areas and others,

particularly anti-money laundering compliance. I hope your agencies will work in close coordination with all of the banking regulators at both the federal and state levels to address these issues.

Thank you, and I appreciate your ongoing efforts to foster technological innovation within the banking system.

Sincerely,



Barry Loudermilk  
Member of Congress